(d) and (e) Government has recently approved an 'Offer for Sale' of 10%, 5% and 5% of the pre-issue paid-up equity capital of Rural Electrification Corporation Ltd. (REC), Power Grid Corporation of India Ltd. (PGCIL) and National Hydro-electric Power Corporation Ltd. (NHPC) respectively, out of its shareholding, alongwith the fresh issue of equity equal to 10% of pre-issue paid-up equity capital each of REC, PGCIL and NHPC.

The proceeds from disinvestment of Government's equity in REC, PGCIL and NHPC will be credited to NIF.

License to NGOs for micro finance

170. SHRI SURENDRA LATH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that NGOs are being given licence for making micro finance in rural areas;

(b) whether Government have given any guidelines for NGOs for their micro finance operations;

(c) whether it is also a fact that NGOs are charging 25 to 30 per cent of interest to the loan provided under micro finance scheme; and

(d) if so, the steps taken by Government to safeguard the interest of rural poor people?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Non Governmental Organisations (NGOs) generally extend micro finance in rural and urban areas as and add on activity and are mostly registered as either societies under Societies Registration Act, 1860 or Trusts under Indian Trust Act, 1882 or non profit organisation under Section 25 of Companies Act, 1956. No license is required for this.

(b) No, Sir.

(c) and (d) Micro Finance Institutions (MFIs) determine the rate of interest they charge from Self Help Groups (SHGs) or members of SHGs based on the cost of funds, transaction cost, risk cost and profit margin, etc. There is a wide variation in the rate of interest ranging from 15% to 36%

per annuam. Greater competition, standardization of practices with growing experience, increase in volumes of business, etc. are expected to induce the NGOs to lower the rates of interest on micro credit further.

Non-utilization of foreign loans

171. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government have to give Rs. 406.28 crore towards commitment fees in the last three years since it failed to utilize the foreign loans from bilateral and multilateral funding agencies; and

(b) if so, the details thereof, year-wise and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The charge levied by the development partner for committing their fund is called commitment charge. it does not necessarily mean as charge levied for delayed or failed execution of the project. A total amount of Rs. 406.38 crores has been paid as commitment charges in the last three years as follows:

(Rs. in crore)

Funding Agencies	2003-04	2004-05	2005-06
Germany	8.99	2.07	1.85
France	0.021	0.00	0.00
Asian Development Bank	38.22	45.10	53.42
IBRD	40.18	36.11	35.71
IDA	5.72	81.82	57.17
TOTAL:	93.13	165.1	148.15

Merger of financially weak banks

172. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government are merging the banks which are in financial losses;